

GROSS PROFIT MARGIN:

- Gross Profit is the difference between the sales figure for the year and the cost of sales figure.
- Gross Margin is the Gross Profit expressed as a % of the sales figure.
- The Gross Margin is the most important key economic statistic of a trading business.
- In certain business sectors, this margin is known and some are:

	Retail Petrol	8%
	Pubs – urban areas	60%
	Pubs – rural	48%
	Retail Grocery	22%
	Lotto	6%
	Freight Agents	15%
	Retail Hardware	55%
	Restaurants	60%

- If an unexpected decline in margin is experienced, then controls over custody of stocks and over handling of sales (especially retail) should be immediately reviewed.
- Sometimes competitive factors may account for a decline in Gross Margin.